

CAMPAIGN SPENDING COMMISSION

STATE OF HAWAII

In Re the Matter of	)	CA No. 04-15
	)	
MELODIE WILLIAMS ADUJA and	)	
	)	CONCILIATION
FRIENDS OF MELODIE ADUJA	)	AGREEMENT
	)	
Respondents.	)	
	)	

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CONCILIATION AGREEMENT

On or around April 7, 2004, Robert Y. Watada, Executive Director ("Watada") for the Campaign Spending Commission ("Commission"), reviewed disclosure reports of Senator Melodie Williams Aduja ("Aduja") and the Friends of Melodie Aduja ("Committee") or jointly "Respondents" and has further investigated this matter.

NOW, THEREFORE, Respondents and the Commission, having entered into conciliation and pursuant to section 11-216(g), Hawaii Revised Statutes ("HRS"), do hereby agree as follows:

- I. That the Commission has jurisdiction over Respondents and the subject matter of this administrative action.
- II. That this Conciliation Agreement ("Agreement") and upon complete performance of the conditions stated herein has the effect of remedial or corrective action taken by Respondents pursuant to section 11-216(g), HRS.
- III. That Respondents have elected to proceed voluntarily with this Agreement and to waive the right to a contested administrative enforcement hearing under chapter 91, HRS, pursuant to section 11-228(b), HRS.
- IV. That Respondents enter into this Agreement with the Commission on their own volition and with full knowledge and understanding of the Agreement.

- V. The parties agree to the pertinent facts and applicable law as follows:
- (A) The Committee is the candidate committee for Aduja.
  - (B) Respondents' reports for the period covering July 1, 2002 through January 30, 2004 did not comply with provisions of the Hawaii campaign spending law and the rules implementing the law.
  - (C) Section 11-196, HRS, requires Respondents to provide information to the Commission, including the name and address of the campaign treasurer, and to submit any changes to the Commission no later than ten calendar days after the change. Respondents' original organizational report, filed on August 2, 2002, designated Elizabeth Gates as the treasurer. Persons other than Ms. Gates, however, signed some of the Respondents' reports. This was pointed out to Respondents during the investigation and Respondents advised the Commission of the change in the treasurer on June 24, 2004, more than ten days after the change.
  - (D) Ms. Gates was authorized to sign checks for the Respondents. Respondents reported 20 checks (from August 5, 2002 through November 4, 2002), totaling \$9,490, made payable to Ms. Gates or made out to cash that Gates cashed. While Respondents subsequently provided receipts for most of these checks, section 2-14.1-16(b), Hawaii Administrative Rule (HAR), provides that "an expenditure to compensate an individual who approved the expenditure is not an authorized campaign expenditure."
  - (E) Respondents reported that the purpose of check # 1071, dated October 18, 2002, payable to Jennifer Lomu was "final payment for 3,000 loan." The loan, however, was not documented and disclosed in the reports filed with the Commission as required by section 11-205.6(a), HRS, and section 2-14.1-13, HAR. Moreover, Respondents did not provide any receipts indicating what the loan proceeds were used for.

- (F) Contributions may be used only as permitted under sections 11-200 and 11-206, HRS, and must not be used for personal expenses.
- (G) Sections 11-212 and 11-213, HRS, specify that reports filed with the Commission contain information about “all expenditures made, incurred, or authorized by or for a candidate, including the name and address of each payee and the amount, date, and purpose of each expenditure.” Complete records of expenditures must be maintained.<sup>1</sup> Records of expenditures and contributions must be maintained for at least five years<sup>2</sup> and the “[r]ecords shall include vouchers, worksheets, and receipts which shall provide in sufficient detail the necessary information and data, from which the reports and statements may be verified, explained, or clarified, and checked for accuracy and completeness.”<sup>3</sup> Respondents’ original reports filed with the Commission provided no explanation or vague reasons (e.g., “petty cash” or “reimbursements”) for some of the expenditures.
- (H) Respondents were unable to provide all of the receipts for expenditures relating to Palaka Pete’s and Lee Williams.
- (I) Respondents reported ten checks for expenditures for banners, shirts, and signs, totaling \$9,570 and provided receipts totaling \$8,570 from Palaka Pete’s. Five checks, totaling \$2,720, were written directly to the vendor, Palaka Pete’s. Five other checks, totaling \$6,850, were written to Lee Williams and Respondents reported that the purpose of these checks was for payments to Palaka Pete’s.
- (J) The following expenditures were disallowed as campaign expenditures for various reasons:

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<sup>1</sup> Section 2-14.1-14(a), HAR.

<sup>2</sup> Section 2-14.1-6, HAR

<sup>3</sup> Section 2-14.1-6, HAR.

- a. Check #1140, dated April 29, 2003, for \$300 was payable to Lee Williams and the purpose was reported as "campaign lunch and frames" but no receipts were provided.
- b. Check #1141, dated May 14, 2003, for \$100 was payable to Lee Williams and the purpose was reported as "film development" but no receipts were provided.
- c. Check #1143, dated May 16, 2003, for \$380 was payable to Lee Williams and the purpose was reported as "phones" and check #1146, dated May 16, 2003, for \$286 was payable to cash and deposited by Lee Williams. The purpose was reported as "cellphones." Respondents submitted a general statement regarding these expenditures without any receipts.

(K) Respondents did not report some contributions during the period from January 1, 2003 through June 30, 2003 and during the period from November 6, 2002 through December 31, 2002.

- a. \$5,980 was deposited during the period from January 1, 2003 through June 30, 2003 to the campaign account, according to the bank statements. The Committee, however, reported \$4,950 in contributions during this same period.
- b. \$4,500 was deposited during the period from November 6, 2002 through December 31, 2002 to the campaign account, according to the bank statements. The Committee, however, reported \$4,000 in contributions during this same period.

(L) Aduja contends that none of the violations are knowing and willful acts to circumvent the applicable provisions of the campaign spending law but does not deny that she had knowledge of such expenditures.

VI. As final settlement of the matters and issues in the Conciliation Agreement 04-05, Respondents understand and agree to the following:

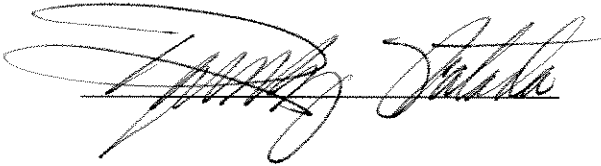
(A) Aduja shall reimburse her campaign committee four thousand five hundred sixty six dollars (\$4,566) from her personal funds.

- (B) Aduja shall pay pursuant to section 11-228, HRS, an administrative fine of four thousand five hundred sixty six dollars (\$4,566) to the Hawaii Election Campaign Fund from her personal funds for violating sections 11-196, 11-200, 11-205.6(a), 11-206, 11-212, 11-213, HRS, and sections 2-14.1-13 and 2-14.1-16(b), HAR.
- (C) The Parties agree that the Committee will retain Ms. Rachel Nakooka (who prepared the amended disclosure reports) or another accounting professional to review the Committee's future reports.
- (D) Respondents shall file amended reports to reflect the unreported contributions discussed in this Agreement.
- (E) Payment of the fine shall be by Order of the Commission.
- VII. The Commission upon its own motion or a written request of anyone filing a complaint under section 11-216, HRS, may review compliance with the Agreement. If the Commission believes that the Agreement has been violated, it may institute administrative proceedings or a civil action in the Circuit Court of the First Circuit pursuant to section 11-228(c), HRS.
- VIII. This Agreement shall become effective as of the date that all parties have signed and the Commission has approved the entire Agreement.
- IX. This Conciliation Agreement constitutes the entire agreement between the Commission and Respondents on the matters raised herein, and no other statement, promise, or agreement, either in writing or oral, not contained in this Conciliation Agreement made by either party or by agents of either party shall be enforceable.

- X. This Conciliation Agreement, unless violated, shall be a complete bar to any further action by the Commission with respect to the violations at issue in this matter.

**FOR THE COMMISSION:**

ROBERT Y. WATADA  
Executive Director



SEP 13 2004

Date

**BY THE RESPONDENTS:**

MELODIE WILLIAMS ADJUJA/FRIENDS OF MELODIE ADUJA

By: Melodie Aduja  
(Name/Title)

9-13-2004

Date